

HOUSE BILL No. 1244

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-21.2-8; IC 36-7.

Synopsis: Tax increment financing. Provides that 10% of the excess property tax proceeds collected in an allocation area must be allocated among school corporations, libraries, and taxing units that provide police services, fire protection, emergency medical service, or public safety services in the allocation area.

Effective: July 1, 2026.

Novak

January 5, 2026, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1244

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-21.2-8, AS AMENDED BY P.L.236-2023,
- 2 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2026]: Sec. 8. As used in this chapter, "special fund" means:
- 4 (1) the special funds referred to in IC 6-1.1-39-5;
- 5 (2) the special funds referred to in IC 8-22-3.5-9(e);
- 6 (3) the allocation fund referred to in ~~IC 36-7-14-39(b)(4);~~
- 7 **IC 36-7-14-39(b)(5);**
- 8 (4) the allocation fund referred to in IC 36-7-14.5-12.5(d);
- 9 (5) the special fund referred to in IC 36-7-15.1-26(b)(3);
- 10 (6) the special fund referred to in IC 36-7-15.1-53(b)(3);
- 11 (7) the allocation fund referred to in IC 36-7-30-25(b)(3); or
- 12 (8) the allocation fund referred to in IC 36-7-30.5-30(b)(3).
- 13 SECTION 2. IC 36-7-14-12.7, AS ADDED BY P.L.236-2023,
- 14 SECTION 172, IS AMENDED TO READ AS FOLLOWS
- 15 [EFFECTIVE JULY 1, 2026]: Sec. 12.7. (a) Not later than December
- 16 1 each year, the redevelopment commissioners shall file with the
- 17 department of local government finance and with the unit's executive



1 and fiscal body a report setting out a spending plan for the next
 2 calendar year describing planned expenditures. The spending plan must
 3 be filed in the manner prescribed by the department of local
 4 government finance.

5 (b) A redevelopment commission may use money from the
 6 redevelopment commission's allocation fund described in section
 7 ~~39(b)(4)~~ **39(b)(5)** of this chapter and any other fund maintained by the
 8 redevelopment commission only for the purposes provided in the
 9 annual spending plan described in subsection (a).

10 (c) The department of local government finance shall, before
 11 February 1, 2025, and before February 1 of each year thereafter, submit
 12 a report of the redevelopment commissions that failed to submit the
 13 spending plan required under subsection (a) to the legislative services
 14 agency for distribution to the members of the legislative council. The
 15 report must be in an electronic format under IC 5-14-6.

16 SECTION 3. IC 36-7-14-15.5, AS AMENDED BY P.L.236-2023,
 17 SECTION 174, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2026]: Sec. 15.5. (a) This section applies to a
 19 county having a population of more than two hundred fifty thousand
 20 (250,000) and less than three hundred thousand (300,000).

21 (b) In adopting a declaratory resolution under section 15 of this
 22 chapter, a redevelopment commission may include a provision stating
 23 that the redevelopment project area is considered to include one (1) or
 24 more additional areas outside the boundaries of the redevelopment
 25 project area if the redevelopment commission makes the following
 26 findings and the requirements of subsection (c) are met:

27 (1) One (1) or more taxpayers presently located within the
 28 boundaries of the redevelopment project area are expected within
 29 one (1) year to relocate all or part of their operations outside the
 30 boundaries of the redevelopment project area and have expressed
 31 an interest in relocating all or part of their operations within the
 32 boundaries of an additional area.

33 (2) The relocation described in subdivision (1) will contribute to
 34 the continuation of the conditions described in IC 36-7-1-3 in the
 35 redevelopment project area.

36 (3) For purposes of this section, it will be of public utility and
 37 benefit to include the additional areas as part of the
 38 redevelopment project area.

39 (c) Each additional area must be designated by the redevelopment
 40 commission as a redevelopment project area or an economic
 41 development area under this chapter.

42 (d) Notwithstanding section 3 of this chapter, the additional areas



1 shall be considered to be a part of the redevelopment special taxing
 2 district under the jurisdiction of the redevelopment commission. Any
 3 excess property taxes that the commission has determined may be paid
 4 to taxing units under section ~~39(b)(5)~~ **39(b)(6)** of this chapter shall be
 5 paid to the taxing units from which the excess property taxes were
 6 derived. All powers of the redevelopment commission authorized under
 7 this chapter may be exercised by the redevelopment commission in
 8 additional areas under its jurisdiction.

9 (e) The declaratory resolution must include a statement of the
 10 general boundaries of each additional area. However, it is sufficient to
 11 describe those boundaries by location in relation to public ways,
 12 streams, or otherwise, as determined by the commissioners.

13 (f) The declaratory resolution may include a provision with respect
 14 to the allocation and distribution of property taxes with respect to one
 15 (1) or more of the additional areas in the manner provided in section 39
 16 of this chapter. If the redevelopment commission includes such a
 17 provision in the resolution, allocation areas in the redevelopment
 18 project area and in the additional areas considered to be part of the
 19 redevelopment project area shall be considered a single allocation area
 20 for purposes of this chapter.

21 (g) The additional areas must be located within the same county as
 22 the redevelopment project area but are not otherwise required to be
 23 within the jurisdiction of the redevelopment commission, if the
 24 redevelopment commission obtains the consent by ordinance of:

25 (1) the county legislative body, for each additional area located
 26 within the unincorporated part of the county; or

27 (2) the legislative body of the city or town affected, for each
 28 additional area located within a city or town.

29 In granting its consent, the legislative body shall approve the plan of
 30 development or redevelopment relating to the additional area.

31 (h) A declaratory resolution previously adopted may be amended to
 32 include a provision to include additional areas as set forth in this
 33 section and an allocation provision under section 39 of this chapter
 34 with respect to one (1) or more of the additional areas in accordance
 35 with sections 15, 16, and 17 of this chapter.

36 (i) The redevelopment commission may amend the allocation
 37 provision of a declaratory resolution in accordance with sections 15,
 38 16, and 17 of this chapter to change the assessment date that
 39 determines the base assessed value of property in the allocation area to
 40 any assessment date following the effective date of the allocation
 41 provision of the declaratory resolution. Such a change may relate to the
 42 assessment date that determines the base assessed value of that portion



1 of the allocation area that is located in the redevelopment project area
 2 alone, that portion of the allocation area that is located in an additional
 3 area alone, or the entire allocation area.

4 SECTION 4. IC 36-7-14-25.1, AS AMENDED BY P.L.236-2023,
 5 SECTION 176, IS AMENDED TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 2026]: Sec. 25.1. (a) In addition to other
 7 methods of raising money for property acquisition or redevelopment in
 8 a redevelopment project area, and in anticipation of the special tax to
 9 be levied under section 27 of this chapter, the taxes allocated under
 10 section 39 of this chapter, or other revenues of the district, or any
 11 combination of these sources, the redevelopment commission may, by
 12 bond resolution and subject to subsections (c) and (p), issue the bonds
 13 of the special taxing district in the name of the unit. The amount of the
 14 bonds may not exceed the total, as estimated by the commission, of all
 15 expenses reasonably incurred in connection with the acquisition and
 16 redevelopment of the property, including:

17 (1) the total cost of all land, rights-of-way, and other property to
 18 be acquired and redeveloped;

19 (2) all reasonable and necessary architectural, engineering, legal,
 20 financing, accounting, advertising, bond discount, and
 21 supervisory expenses related to the acquisition and redevelopment
 22 of the property or the issuance of bonds;

23 (3) capitalized interest permitted by this chapter and a debt
 24 service reserve for the bonds to the extent the redevelopment
 25 commission determines that a reserve is reasonably required; and

26 (4) expenses that the redevelopment commission is required or
 27 permitted to pay under IC 8-23-17.

28 (b) If the redevelopment commission plans to acquire different
 29 parcels of land or let different contracts for redevelopment work at
 30 approximately the same time, whether under one (1) or more
 31 resolutions, the commission may provide for the total cost in one (1)
 32 issue of bonds.

33 (c) The legislative body of the unit must adopt a resolution that
 34 specifies the public purpose of the bond, the use of the bond proceeds,
 35 the maximum principal amount of the bond, the term of the bond, and
 36 the maximum interest rate or rates of the bond, any provision for
 37 redemption before maturity, and any provision for the payment of
 38 capitalized interest. The bonds must be dated as set forth in the bond
 39 resolution and negotiable, subject to the requirements of the bond
 40 resolution for registering the bonds. The resolution authorizing the
 41 bonds must state:

42 (1) the denominations of the bonds;



- (2) the place or places at which the bonds are payable; and
- (3) the term of the bonds, which may not exceed:
- (A) fifty (50) years, for bonds issued before July 1, 2008;
 - (B) thirty (30) years, for bonds issued after June 30, 2008, to finance:
 - (i) an integrated coal gasification powerplant (as defined in IC 6-3.1-29-6);
 - (ii) a part of an integrated coal gasification powerplant (as defined in IC 6-3.1-29-6); or
 - (iii) property used in the operation or maintenance of an integrated coal gasification powerplant (as defined in IC 6-3.1-29-6);
- that received a certificate of public convenience and necessity from the Indiana utility regulatory commission under IC 8-1-8.5 et seq. before July 1, 2008;
- (C) thirty-five (35) years, for bonds issued after June 30, 2019, to finance a project that is located in a redevelopment project area, an economic development area, or an urban renewal project area and that includes, as part of the project, the use and repurposing of two (2) or more buildings and structures that are:
 - (i) at least seventy-five (75) years old; and
 - (ii) located at a site at which manufacturing previously occurred over a period of at least seventy-five (75) years; or
 - (D) twenty-five (25) years, for bonds issued after June 30, 2008, that are not described in clause (B) or (C).

The bond resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the redevelopment commission.

(d) The redevelopment commission shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds, subject to subsections (c) and (p). The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds must be executed by the appropriate officer of the unit and attested by the municipal or county fiscal officer.

(f) The bonds are exempt from taxation for all purposes.

(g) The municipal or county fiscal officer shall give notice of the sale of the bonds by publication in accordance with IC 5-3-1. The municipal fiscal officer, or county fiscal officer or executive, shall sell the bonds to the highest bidder, but may not sell them for less than ninety-seven percent (97%) of their par value. However, bonds payable



solely or in part from tax proceeds allocated under section ~~39(b)(4)~~
39(b)(5) of this chapter, or other revenues of the district may be sold
 at a private negotiated sale.

(h) Except as provided in subsection (i), a redevelopment
 commission may not issue the bonds when the total issue, including
 bonds already issued and to be issued, exceeds two percent (2%) of the
 adjusted value of the taxable property in the special taxing district, as
 determined under IC 36-1-15.

(i) The bonds are not a corporate obligation of the unit but are an
 indebtedness of the taxing district. The bonds and interest are payable,
 as set forth in the bond resolution of the redevelopment commission:

(1) from a special tax levied upon all of the property in the taxing
 district, as provided by section 27 of this chapter;

(2) from the tax proceeds allocated under section ~~39(b)(4)~~
39(b)(5) of this chapter;

(3) from other revenues available to the redevelopment
 commission; or

(4) from a combination of the methods stated in subdivisions (1)
 through (3).

If the bonds are payable solely from the tax proceeds allocated under
 section ~~39(b)(4)~~ **39(b)(5)** of this chapter, other revenues of the
 redevelopment commission, or any combination of these sources, they
 may be issued in any amount not to exceed the maximum amount
 approved by the legislative body in the resolution described in
 subsection (c).

(j) Proceeds from the sale of bonds may be used to pay the cost of
 interest on the bonds for a period not to exceed five (5) years from the
 date of issuance.

(k) All laws relating to the giving of notice of the issuance of bonds,
 the giving of notice of a hearing on the appropriation of the proceeds
 of the bonds, the right of taxpayers to appear and be heard on the
 proposed appropriation, and the approval of the appropriation by the
 department of local government finance apply to all bonds issued under
 this chapter that are payable from the special benefits tax levied
 pursuant to section 27 of this chapter or from taxes allocated under
 section 39 of this chapter.

(l) All laws relating to:

(1) the filing of petitions requesting the issuance of bonds; and

(2) the right of:

(A) taxpayers and voters to remonstrate against the issuance of
 bonds in the case of a proposed bond issue described by
 IC 6-1.1-20-3.1(a); or



(B) voters to vote on the issuance of bonds in the case of a proposed bond issue described by IC 6-1.1-20-3.5(a); apply to bonds issued under this chapter except for bonds payable solely from tax proceeds allocated under section ~~39(b)(4)~~ **39(b)(5)** of this chapter, other revenues of the redevelopment commission, or any combination of these sources.

(m) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(n) Any amount remaining in the debt service reserve after all of the bonds of the issue for which the debt service reserve was established have matured shall be:

(1) deposited in the allocation fund established under section ~~39(b)(4)~~ **39(b)(5)** of this chapter; and

(2) to the extent permitted by law, transferred to the county or municipality that established the department of redevelopment for use in reducing the county's or municipality's property tax levies for debt service.

(o) If bonds are issued under this chapter that are payable solely or in part from revenues to the redevelopment commission from a project or projects, the redevelopment commission may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects, but may not convey or mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the redevelopment commission. The redevelopment commission may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the redevelopment commission that are payable solely from revenues of the commission shall contain a statement to that effect in the form of bond.

(p) If the total principal amount of bonds authorized by a resolution of the redevelopment commission adopted before July 1, 2008, is equal to or greater than three million dollars (\$3,000,000), the bonds may not be issued without the approval, by resolution, of the legislative body of the unit. Bonds authorized in any principal amount by a resolution of the redevelopment commission adopted after June 30, 2008, may not be issued without the approval of the legislative body of the unit.



1 SECTION 5. IC 36-7-14-26, AS AMENDED BY P.L.236-2023,
 2 SECTION 177, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) All proceeds from the sale
 4 of bonds under section 25.1 of this chapter shall be kept as a separate
 5 and specific fund to pay the expenses incurred in connection with the
 6 acquisition and redevelopment of property. The fund shall be known as
 7 the redevelopment district capital fund. Any surplus of funds remaining
 8 after all expenses are paid shall be paid into and become a part of the
 9 redevelopment district bond fund established under section 27 of this
 10 chapter.

11 (b) All gifts or donations that are given or paid to the department of
 12 redevelopment or to the unit for redevelopment purposes shall be
 13 promptly deposited to the credit of the redevelopment district capital
 14 fund. The redevelopment commission may use these gifts and
 15 donations for the purposes of this chapter.

16 (c) Before the eleventh day of each calendar month the fiscal officer
 17 shall notify the redevelopment commission and the officers of the unit
 18 who have duties in respect to the funds and accounts of the unit of the
 19 amount standing to the credit of the redevelopment district capital fund
 20 at the close of business on the last day of the preceding month.

21 (d) A redevelopment commission shall deposit in the allocation fund
 22 established under section ~~39(b)(4)~~ **39(b)(5)** of this chapter of an
 23 allocation area the proceeds from the sale or leasing of property in the
 24 area under section 22 of this chapter if:

25 (1) there are outstanding bonds that were issued to pay costs of
 26 redevelopment in the allocation area; and

27 (2) the bonds are payable solely or in part from tax proceeds
 28 allocated under section ~~39(b)(4)~~ **39(b)(5)** of this chapter.

29 SECTION 6. IC 36-7-14-27, AS AMENDED BY P.L.236-2023,
 30 SECTION 178, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2026]: Sec. 27. (a) This section applies only to:

32 (1) bonds that are issued under section 25.1 of this chapter; and

33 (2) leases entered into under section 25.2 of this chapter;

34 which are payable from a special tax levied upon all of the property in
 35 the special taxing district. This section does not apply to bonds or
 36 leases that are payable solely from tax proceeds allocated under section
 37 ~~39(b)(4)~~ **39(b)(5)** of this chapter, other revenues of the redevelopment
 38 commission, or any combination of these sources.

39 (b) The redevelopment commission, with the prior approval of the
 40 legislative body, shall levy each year a special tax on all of the property
 41 of the redevelopment taxing district, in such a manner as to meet and
 42 pay the principal of the bonds as they mature, together with all accruing



1 interest on the bonds or lease rental payments under section 25.2 of this
 2 chapter. The commission shall cause the tax levied to be certified to the
 3 proper officers as other tax levies are certified, and to the auditor of the
 4 county in which the redevelopment district is located, before the
 5 second day of October in each year. The tax shall be estimated and
 6 entered on the tax duplicate by the county auditor and shall be collected
 7 and enforced by the county treasurer in the same manner as other state
 8 and county taxes are estimated, entered, collected, and enforced. The
 9 amount of the tax levied to pay bonds or lease rentals payable from the
 10 tax levied under this section shall be reduced by any amount available
 11 in the allocation fund established under section ~~39(b)(4)~~ **39(b)(5)** of
 12 this chapter or other revenues of the redevelopment commission to the
 13 extent such revenues have been set aside in the redevelopment bond
 14 fund.

15 (c) As the tax is collected, it shall be accumulated in a separate fund
 16 to be known as the redevelopment district bond fund and shall be
 17 applied to the payment of the bonds as they mature and the interest on
 18 the bonds as it accrues, or to make lease payments and to no other
 19 purpose. All accumulations of the fund before their use for the payment
 20 of bonds and interest or to make lease payments shall be deposited with
 21 the depository or depositories for other public funds of the unit in
 22 accordance with IC 5-13, unless they are invested under IC 5-13-9.

23 (d) If there are no outstanding bonds that are payable solely or in
 24 part from tax proceeds allocated under section ~~39(b)(4)~~ **39(b)(5)** of this
 25 chapter and that were issued to pay costs of redevelopment in an
 26 allocation area that is located wholly or in part in the special taxing
 27 district, then all proceeds from the sale or leasing of property in the
 28 allocation area under section 22 of this chapter shall be paid into the
 29 redevelopment district bond fund and become a part of that fund. In
 30 arriving at the tax levy for any year, the redevelopment commission
 31 shall take into account the amount of the proceeds deposited under this
 32 subsection and remaining on hand.

33 (e) The tax levies provided for in this section are reviewable by
 34 other bodies vested by law with the authority to ascertain that the levies
 35 are sufficient to raise the amount that, with other amounts available, is
 36 sufficient to meet the payments under the lease payable from the levy
 37 of taxes.

38 SECTION 7. IC 36-7-14-39, AS AMENDED BY P.L.181-2025,
 39 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2026]: Sec. 39. (a) As used in this section:

41 "Allocation area" means that part of a redevelopment project area
 42 to which an allocation provision of a declaratory resolution adopted



1 under section 15 of this chapter refers for purposes of distribution and
2 allocation of property taxes.

3 "Base assessed value" means, subject to subsection (j), the
4 following:

5 (1) If an allocation provision is adopted after June 30, 1995, in a
6 declaratory resolution or an amendment to a declaratory
7 resolution establishing an economic development area:

8 (A) the net assessed value of all the property as finally
9 determined for the assessment date immediately preceding the
10 effective date of the allocation provision of the declaratory
11 resolution, as adjusted under subsection (h); plus

12 (B) to the extent that it is not included in clause (A), the net
13 assessed value of property that is assessed as residential
14 property under the rules of the department of local government
15 finance, within the allocation area, as finally determined for
16 the current assessment date.

17 (2) If an allocation provision is adopted after June 30, 1997, in a
18 declaratory resolution or an amendment to a declaratory
19 resolution establishing a redevelopment project area:

20 (A) the net assessed value of all the property as finally
21 determined for the assessment date immediately preceding the
22 effective date of the allocation provision of the declaratory
23 resolution, as adjusted under subsection (h); plus

24 (B) to the extent that it is not included in clause (A), the net
25 assessed value of property that is assessed as residential
26 property under the rules of the department of local government
27 finance, as finally determined for the current assessment date.

28 (3) If:

29 (A) an allocation provision adopted before June 30, 1995, in
30 a declaratory resolution or an amendment to a declaratory
31 resolution establishing a redevelopment project area expires
32 after June 30, 1997; and

33 (B) after June 30, 1997, a new allocation provision is included
34 in an amendment to the declaratory resolution;

35 the net assessed value of all the property as finally determined for
36 the assessment date immediately preceding the effective date of
37 the allocation provision adopted after June 30, 1997, as adjusted
38 under subsection (h).

39 (4) Except as provided in subdivision (5), for all other allocation
40 areas, the net assessed value of all the property as finally
41 determined for the assessment date immediately preceding the
42 effective date of the allocation provision of the declaratory



1 resolution, as adjusted under subsection (h).

2 (5) If an allocation area established in an economic development
3 area before July 1, 1995, is expanded after June 30, 1995, the
4 definition in subdivision (1) applies to the expanded part of the
5 area added after June 30, 1995.

6 (6) If an allocation area established in a redevelopment project
7 area before July 1, 1997, is expanded after June 30, 1997, the
8 definition in subdivision (2) applies to the expanded part of the
9 area added after June 30, 1997.

10 Except as provided in section 39.3 of this chapter, "property taxes"
11 means taxes imposed under IC 6-1.1 on real property. However, upon
12 approval by a resolution of the redevelopment commission adopted
13 before June 1, 1987, "property taxes" also includes taxes imposed
14 under IC 6-1.1 on depreciable personal property. If a redevelopment
15 commission adopted before June 1, 1987, a resolution to include within
16 the definition of property taxes, taxes imposed under IC 6-1.1 on
17 depreciable personal property that has a useful life in excess of eight
18 (8) years, the commission may by resolution determine the percentage
19 of taxes imposed under IC 6-1.1 on all depreciable personal property
20 that will be included within the definition of property taxes. However,
21 the percentage included must not exceed twenty-five percent (25%) of
22 the taxes imposed under IC 6-1.1 on all depreciable personal property.

23 (b) A declaratory resolution adopted under section 15 of this chapter
24 on or before the allocation deadline determined under subsection (i)
25 may include a provision with respect to the allocation and distribution
26 of property taxes for the purposes and in the manner provided in this
27 section. A declaratory resolution previously adopted may include an
28 allocation provision by the amendment of that declaratory resolution on
29 or before the allocation deadline determined under subsection (i) in
30 accordance with the procedures required for its original adoption. A
31 declaratory resolution or amendment that establishes an allocation
32 provision must include a specific finding of fact, supported by
33 evidence, that the adoption of the allocation provision will result in
34 new property taxes in the area that would not have been generated but
35 for the adoption of the allocation provision. For an allocation area
36 established before July 1, 1995, the expiration date of any allocation
37 provisions for the allocation area is June 30, 2025, or the last date of
38 any obligations that are outstanding on July 1, 2015, whichever is later.
39 A declaratory resolution or an amendment that establishes an allocation
40 provision after June 30, 1995, must specify an expiration date for the
41 allocation provision. For an allocation area established before July 1,
42 2008, the expiration date may not be more than thirty (30) years after



the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. Notwithstanding any other law, in the case of an allocation area that is established after June 30, 2019, and that is located in a redevelopment project area described in section 25.1(c)(3)(C) of this chapter, an economic development area described in section 25.1(c)(3)(C) of this chapter, or an urban renewal project area described in section 25.1(c)(3)(C) of this chapter, the expiration date of the allocation provision may not be more than thirty-five (35) years after the date on which the allocation provision is established. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) This subdivision applies to a fire protection territory established after December 31, 2022. If a unit becomes a participating unit of a fire protection territory that is established after a declaratory resolution is adopted under section 15 of this chapter, the excess of the proceeds of the property taxes attributable to an increase in the property tax rate for the participating unit of a fire protection territory:

(A) except as otherwise provided by this subdivision, shall be determined as follows:

STEP ONE: Divide the unit's tax rate for fire protection for



the year before the establishment of the fire protection territory by the participating unit's tax rate as part of the fire protection territory.

STEP TWO: Subtract the STEP ONE amount from one (1).

STEP THREE: Multiply the STEP TWO amount by the allocated property tax attributable to the participating unit of the fire protection territory; and

(B) to the extent not otherwise included in subdivisions (1) and (3), the amount determined under STEP THREE of clause (A) shall be allocated to and distributed in the form of an allocated property tax revenue pass back to the participating unit of the fire protection territory for the assessment date with respect to which the allocation is made.

However, if the redevelopment commission determines that it is unable to meet its debt service obligations with regards to the allocation area without all or part of the allocated property tax revenue pass back to the participating unit of a fire protection area under this subdivision, then the allocated property tax revenue pass back under this subdivision shall be reduced by the amount necessary for the redevelopment commission to meet its debt service obligations of the allocation area. The calculation under this subdivision must be made by the redevelopment commission in collaboration with the county auditor and the applicable fire protection territory. Any calculation determined according to clause (A) must be submitted to the department of local government finance in the manner prescribed by the department of local government finance. The department of local government finance shall verify the accuracy of each calculation.

(3) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included in subdivisions (1) and (2) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local public question was conducted.

(4) This subdivision applies to an allocation area established after June 30, 2026. Of the property tax proceeds in excess of those described in subdivisions (1), (2), and (3), and before the proceeds may be used for the purposes in subdivision (5), at least ten percent (10%) of the property tax proceeds shall be allocated to and, when collected, distributed according to the



following:

(A) One-third (1/3) shall be allocated among each school corporation with territory in the allocation area.

(B) One-third (1/3) shall be allocated among each library located in the allocation area.

(C) One-third (1/3) shall be allocated among each taxing unit that provides police services, fire protection, emergency medical service, or public safety services in the allocation area.

Money allocated under this subdivision may be used for operating or capital expenditures required for providing services in the allocation area. If an entity described in clause (A) through (C) does not exist for a particular allocation area, the corresponding amount that would have been allocated under the applicable clause shall instead be evenly divided among the entities described in the remaining clauses.

~~(4)~~ (5) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1), (2), ~~and~~ (3), ~~and~~ (4) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local



public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in



section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.

(N) Expend revenues that are allocated for police and fire services on both capital expenditures and operating expenses as authorized in section 12.2(a)(28) of this chapter.

The allocation fund may not be used for operating expenses of the commission.

~~(5)~~ (6) Except as provided in subsection (g), before June 15 of each year, the commission shall do the following:



(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision ~~(4)~~; **(5)**, plus the amount necessary for other purposes described in subdivision ~~(4)~~ **(5) and the amount described in subsection (I).**

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The county auditor, upon receiving the notice, shall forward this notice (in an electronic format) to the department of local government finance not later than June 15 of each year. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision ~~(4)~~ **(5)** or lessors under section 25.3 of this chapter.

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision ~~(4)~~; **(5)**; plus

(ii) the amount necessary for other purposes described in subdivision ~~(4)~~; **(5)**;

the commission shall submit to the legislative body of the unit



its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

~~(6)~~ (7) Notwithstanding subdivision ~~(5)~~; ~~(6)~~, in the case of an allocation area that is established after June 30, 2019, and that is located in a redevelopment project area described in section 25.1(c)(3)(C) of this chapter, an economic development area described in section 25.1(c)(3)(C) of this chapter, or an urban renewal project area described in section 25.1(c)(3)(C) of this chapter, for each year the allocation provision is in effect, if the amount of excess assessed value determined by the commission under subdivision ~~(5)(A)~~ ~~(6)(A)~~ is expected to generate more than two hundred percent (200%) of:

(A) the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision ~~(4)~~ (5) for the project; plus

(B) the amount necessary for other purposes described in subdivision ~~(4)~~ (5) for the project; **plus**

(C) the amount necessary for the purpose described in subsection (I);

the amount of the excess assessed value that generates more than two hundred percent (200%) of the amounts described in clauses (A), ~~and~~ (B), **and** (C) shall be allocated to the respective taxing units in the manner prescribed by subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection ~~(b)(4)~~ ~~(b)(5)~~ may, subject to subsection ~~(b)(5)~~; ~~(b)(6)~~, be irrevocably pledged by the redevelopment district for payment as set forth in subsection ~~(b)(4)~~; **(b)(5)**.

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable



property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection ~~(b)(4)~~ **(b)(5)** shall establish an allocation fund for the purposes specified in subsection ~~(b)(4)~~ **(b)(5)** and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection ~~(b)(4)~~ **(b)(5)** for the year. The amount sufficient for purposes specified in subsection ~~(b)(4)~~ **(b)(5)** for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection ~~(b)(4)~~ **(b)(5)** shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection ~~(b)(4)~~ **(b)(5)**, except that where reference is made in subsection ~~(b)(4)~~ **(b)(5)** to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for



1 residents of the enterprise zone.

2 (h) The state board of accounts and department of local government
3 finance shall make the rules and prescribe the forms and procedures
4 that they consider expedient for the implementation of this chapter.
5 After each reassessment in an area under a reassessment plan prepared
6 under IC 6-1.1-4-4.2, the department of local government finance shall
7 adjust the base assessed value one (1) time to neutralize any effect of
8 the reassessment of the real property in the area on the property tax
9 proceeds allocated to the redevelopment district under this section.
10 After each annual adjustment under IC 6-1.1-4-4.5, the department of
11 local government finance shall adjust the base assessed value one (1)
12 time to neutralize any effect of the annual adjustment on the property
13 tax proceeds allocated to the redevelopment district under this section.
14 However, the adjustments under this subsection:

15 (1) may not include the effect of phasing in assessed value due to
16 property tax abatements under IC 6-1.1-12.1;

17 (2) may not produce less property tax proceeds allocable to the
18 redevelopment district under subsection ~~(b)(4)~~ **(b)(5)** than would
19 otherwise have been received if the reassessment under the
20 reassessment plan or the annual adjustment had not occurred; and
21 (3) may decrease base assessed value only to the extent that
22 assessed values in the allocation area have been decreased due to
23 annual adjustments or the reassessment under the reassessment
24 plan.

25 Assessed value increases attributable to the application of an abatement
26 schedule under IC 6-1.1-12.1 may not be included in the base assessed
27 value of an allocation area. The department of local government
28 finance may prescribe procedures for county and township officials to
29 follow to assist the department in making the adjustments.

30 (i) The allocation deadline referred to in subsection (b) is
31 determined in the following manner:

32 (1) The initial allocation deadline is December 31, 2011.

33 (2) Subject to subdivision (3), the initial allocation deadline and
34 subsequent allocation deadlines are automatically extended in
35 increments of five (5) years, so that allocation deadlines
36 subsequent to the initial allocation deadline fall on December 31,
37 2016, and December 31 of each fifth year thereafter.

38 (3) At least one (1) year before the date of an allocation deadline
39 determined under subdivision (2), the general assembly may enact
40 a law that:

41 (A) terminates the automatic extension of allocation deadlines
42 under subdivision (2); and



- 1 (B) specifically designates a particular date as the final
2 allocation deadline.
- 3 (j) If a redevelopment commission adopts a declaratory resolution
4 or an amendment to a declaratory resolution that contains an allocation
5 provision and the redevelopment commission makes either of the
6 filings required under section 17(e) of this chapter after the first
7 anniversary of the effective date of the allocation provision, the auditor
8 of the county in which the unit is located shall compute the base
9 assessed value for the allocation area using the assessment date
10 immediately preceding the later of:
- 11 (1) the date on which the documents are filed with the county
12 auditor; or
- 13 (2) the date on which the documents are filed with the department
14 of local government finance.
- 15 (k) For an allocation area established after June 30, 2025,
16 "residential property" refers to the assessed value of property that is
17 allocated to the one percent (1%) homestead land and improvement
18 categories in the county tax and billing software system.
- 19 **(l) This subsection applies to an allocation area established**
20 **before July 1, 2026. Of the property tax proceeds in excess of those**
21 **described in subsection (b)(1), (b)(2), and (b)(3), plus the amount**
22 **of property tax proceeds necessary to make, when due, principal**
23 **and interest payments on bonds described in subsection (b)(5) in**
24 **each year, at least ten percent (10%) of the excess property tax**
25 **proceeds shall be allocated to and, when collected, distributed**
26 **according to the following:**
- 27 (1) One-third (1/3) shall be allocated among each school
28 corporation with territory in the allocation area.
- 29 (2) One-third (1/3) shall be allocated among each library
30 located in the allocation area.
- 31 (3) One-third (1/3) shall be allocated among each taxing unit
32 that provides police services, fire protection, emergency
33 medical service, or public safety services in the allocation
34 area.
- 35 **Money allocated under this subsection may be used for operating**
36 **or capital expenditures required for providing services in the**
37 **allocation area. If an entity described in subdivisions (1) through**
38 **(3) does not exist for a particular allocation area, the**
39 **corresponding amount that would have been allocated under the**
40 **applicable subdivision shall instead be evenly divided among the**
41 **entities described in the remaining subdivisions.**
- 42 SECTION 8. IC 36-7-14-48, AS AMENDED BY P.L.236-2023,



SECTION 180, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2026]: Sec. 48. (a) Notwithstanding section
 39(a) of this chapter, with respect to the allocation and distribution of
 property taxes for the accomplishment of a program adopted under
 section 45 of this chapter, "base assessed value" means, subject to
 section 39(j) of this chapter, the net assessed value of all of the
 property, other than personal property, as finally determined for the
 assessment date immediately preceding the effective date of the
 allocation provision, as adjusted under section 39(h) of this chapter.

(b) The allocation fund established under section 39(b) of this
 chapter for the allocation area for a program adopted under section 45
 of this chapter may be used only for purposes related to the
 accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units
 within the allocation area.

(2) The construction, reconstruction, or repair of any
 infrastructure (including streets, sidewalks, and sewers) within or
 serving the allocation area.

(3) The acquisition of real property and interests in real property
 within the allocation area.

(4) The demolition of real property within the allocation area.

(5) The provision of financial assistance to enable individuals and
 families to purchase or lease residential units within the allocation
 area. However, financial assistance may be provided only to those
 individuals and families whose income is at or below the county's
 median income for individuals and families, respectively.

(6) The provision of financial assistance to neighborhood
 development corporations to permit them to provide financial
 assistance for the purposes described in subdivision (5).

(7) For property taxes first due and payable before January 1,
 2009, providing each taxpayer in the allocation area a credit for
 property tax replacement as determined under subsections (c) and
 (d). However, the commission may provide this credit only if the
 municipal legislative body (in the case of a redevelopment
 commission established by a municipality) or the county
 executive (in the case of a redevelopment commission established
 by a county) establishes the credit by ordinance adopted in the
 year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection
 (b)(7) to a taxpayer in a taxing district that contains all or part of an
 allocation area established for a program adopted under section 45 of
 this chapter shall be determined as follows:



1 STEP ONE: Determine that part of the sum of the amounts
 2 described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2)
 3 through IC 6-1.1-21-2(g)(5) (before their repeal) that is
 4 attributable to the taxing district.

5 STEP TWO: Divide:

6 (A) that part of each county's eligible property tax replacement
 7 amount (as defined in IC 6-1.1-21-2) (before its repeal) for
 8 that year as determined under IC 6-1.1-21-4(a)(1) (before its
 9 repeal) that is attributable to the taxing district; by

10 (B) the amount determined under STEP ONE.

11 STEP THREE: Multiply:

12 (A) the STEP TWO quotient; by

13 (B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) (before
 14 its repeal) levied in the taxing district allocated to the
 15 allocation fund, including the amount that would have been
 16 allocated but for the credit.

17 (d) The commission may determine to grant to taxpayers in an
 18 allocation area from its allocation fund a credit under this section, as
 19 calculated under subsection (c). Except as provided in subsection (g),
 20 one-half (1/2) of the credit shall be applied to each installment of taxes
 21 (as defined in IC 6-1.1-21-2) (before its repeal) that under
 22 IC 6-1.1-22-9 are due and payable in a year. The commission must
 23 provide for the credit annually by a resolution and must find in the
 24 resolution the following:

25 (1) That the money to be collected and deposited in the allocation
 26 fund, based upon historical collection rates, after granting the
 27 credit will equal the amounts payable for contractual obligations
 28 from the fund, plus ten percent (10%) of those amounts.

29 (2) If bonds payable from the fund are outstanding, that there is
 30 a debt service reserve for the bonds that at least equals the amount
 31 of the credit to be granted.

32 (3) If bonds of a lessor under section 25.2 of this chapter or under
 33 IC 36-1-10 are outstanding and if lease rentals are payable from
 34 the fund, that there is a debt service reserve for those bonds that
 35 at least equals the amount of the credit to be granted.

36 If the tax increment is insufficient to grant the credit in full, the
 37 commission may grant the credit in part, prorated among all taxpayers.

38 (e) Notwithstanding section 39(b) of this chapter, the allocation
 39 fund established under section 39(b) of this chapter for the allocation
 40 area for a program adopted under section 45 of this chapter may only
 41 be used to do one (1) or more of the following:

42 (1) Accomplish one (1) or more of the actions set forth in section



~~39(b)(4)(A)~~ **39(b)(5)(A)** through ~~39(b)(4)(H)~~ **39(b)(5)(H)** and ~~39(b)(4)(J)~~ **39(b)(5)(J)** of this chapter for property that is residential in nature.

(2) Reimburse the county or municipality for expenditures made by the county or municipality in order to accomplish the housing program in that allocation area.

The allocation fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for a program adopted under section 45 of this chapter, do the following before June 15 of each year:

(1) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to:

(A) make the distribution required under section 39(b)(2) and 39(b)(3) of this chapter;

(B) make, when due, principal and interest payments on bonds described in section ~~39(b)(4)~~ **39(b)(5)** of this chapter;

(C) pay the amount necessary for other purposes described in section ~~39(b)(4)~~ **39(b)(5)** of this chapter; and

(D) reimburse the county or municipality for anticipated expenditures described in subsection (e)(2).

(2) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The county auditor, upon receiving the notice, shall forward this notice (in an electronic format) to the department of local government finance not later than June 15 of each year. The notice must:

(A) state the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter; or

(B) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).



1 The county auditor shall allocate to the respective taxing units the
 2 amount, if any, of excess assessed value determined by the
 3 commission.

4 (3) If:

5 (A) the amount of excess assessed value determined by the
 6 commission is expected to generate more than two hundred
 7 percent (200%) of the amount of allocated tax proceeds
 8 necessary to make, when due, principal and interest payments
 9 on bonds described in subdivision (1); plus

10 (B) the amount necessary for other purposes described in
 11 subdivision (1);

12 the commission shall submit to the legislative body of the unit its
 13 determination of the excess assessed value that the commission
 14 proposes to allocate to the respective taxing units in the manner
 15 prescribed in subdivision (2). The legislative body of the unit may
 16 approve the commission's determination or modify the amount of
 17 the excess assessed value that will be allocated to the respective
 18 taxing units in the manner prescribed in subdivision (2).

19 (g) This subsection applies to an allocation area only to the extent
 20 that the net assessed value of property that is assessed as residential
 21 property under the rules of the department of local government finance
 22 is not included in the base assessed value. If property tax installments
 23 with respect to a homestead (as defined in IC 6-1.1-12-37) are due in
 24 installments established by the department of local government finance
 25 under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
 26 allocation area is entitled to an additional credit under subsection (d)
 27 for the taxes (as defined in IC 6-1.1-21-2) (before its repeal) due in
 28 installments. The credit shall be applied in the same proportion to each
 29 installment of taxes (as defined in IC 6-1.1-21-2) (before its repeal).

30 SECTION 9. IC 36-7-14-52, AS AMENDED BY P.L.236-2023,
 31 SECTION 181, IS AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE JULY 1, 2026]: Sec. 52. (a) Notwithstanding section
 33 39(a) of this chapter, with respect to the allocation and distribution of
 34 property taxes for the accomplishment of the purposes of an
 35 age-restricted housing program adopted under section 49 of this
 36 chapter, "base assessed value" means, subject to section 39(j) of this
 37 chapter, the net assessed value of all of the property, other than
 38 personal property, as finally determined for the assessment date
 39 immediately preceding the effective date of the allocation provision, as
 40 adjusted under section 39(h) of this chapter.

41 (b) The allocation fund established under section 39(b) of this
 42 chapter for the allocation area for an age-restricted housing program



adopted under section 49 of this chapter may be used only for purposes related to the accomplishment of the purposes of the program, including, but not limited to, the following:

(1) The construction of any infrastructure (including streets, sidewalks, and sewers) or local public improvements in, serving, or benefiting the allocation area.

(2) The acquisition of real property and interests in real property within the allocation area.

(3) The preparation of real property in anticipation of development of the real property within the allocation area.

(4) To do any of the following:

(A) Pay the principal of and interest on bonds or any other obligations payable from allocated tax proceeds in the allocation area that are incurred by the redevelopment district for the purpose of financing or refinancing the age-restricted housing program established under section 49 of this chapter for the allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in the allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in the allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to the allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in the allocation area.

(F) Make payments on leases payable from allocated tax proceeds in the allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by the unit for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to the allocation area.

(c) Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for an age-restricted housing program adopted under section 49 of this chapter, do the following before June 15 of each year:



(1) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to:

(A) make the distribution required under section 39(b)(2) and 39(b)(3) of this chapter;

(B) make, when due, principal and interest payments on bonds described in section ~~39(b)(4)~~ **39(b)(5)** of this chapter;

(C) pay the amount necessary for other purposes described in section ~~39(b)(4)~~ **39(b)(5)** of this chapter; and

(D) reimburse the county or municipality for anticipated expenditures described in subsection (b)(2).

(2) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The county auditor, upon receiving the notice, shall forward this notice (in an electronic format) to the department of local government finance not later than June 15 of each year. The notice must:

(A) state the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter; or

(B) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission.

SECTION 10. IC 36-7-14-56, AS AMENDED BY P.L.236-2023, SECTION 183, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 56. (a) This section applies only to a residential housing development program authorized by section 53 of this chapter.

(b) Notwithstanding section 39(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of the purposes of a residential housing development program adopted under section 53 of this chapter, "base assessed value" means the net



1 assessed value of all of the property, other than personal property, as
 2 finally determined for the assessment date immediately preceding the
 3 effective date of the allocation provision, as adjusted under section
 4 39(h) of this chapter.

5 (c) The allocation fund established under section 39(b) of this
 6 chapter for the allocation area for a residential housing development
 7 program adopted under section 53 of this chapter may be used only for
 8 purposes related to the accomplishment of the purposes of the program,
 9 including, but not limited to, the following:

10 (1) The construction of any infrastructure (including streets,
 11 roads, and sidewalks) or local public improvements in, serving,
 12 or benefiting a residential housing development project.

13 (2) The acquisition of real property and interests in real property
 14 for rehabilitation purposes within the allocation area.

15 (3) The preparation of real property in anticipation of
 16 development of the real property within the allocation area.

17 (4) To do any of the following:

18 (A) Pay the principal of and interest on bonds or any other
 19 obligations payable from allocated tax proceeds in the
 20 allocation area that are incurred by the redevelopment district
 21 for the purpose of financing or refinancing the residential
 22 housing development program established under section 53 of
 23 this chapter for the allocation area.

24 (B) Establish, augment, or restore the debt service reserve for
 25 bonds payable solely or in part from allocated tax proceeds in
 26 the allocation area.

27 (C) Pay the principal of and interest on bonds payable from
 28 allocated tax proceeds in the allocation area and from the
 29 special tax levied under section 27 of this chapter.

30 (D) Pay the principal of and interest on bonds issued by the
 31 unit to pay for local public improvements that are physically
 32 located in or physically connected to the allocation area.

33 (E) Pay premiums on the redemption before maturity of bonds
 34 payable solely or in part from allocated tax proceeds in the
 35 allocation area.

36 (F) Make payments on leases payable from allocated tax
 37 proceeds in the allocation area under section 25.2 of this
 38 chapter.

39 (G) Reimburse the unit for expenditures made by the unit for
 40 local public improvements (which include buildings, parking
 41 facilities, and other items described in section 25.1(a) of this
 42 chapter) that are physically located in or physically connected



1 to the allocation area.

2 (d) Notwithstanding section 39(b) of this chapter, the commission
3 shall, relative to the allocation fund established under section 39(b) of
4 this chapter for an allocation area for a residential housing
5 development program adopted under section 53 of this chapter, do the
6 following before June 15 of each year:

7 (1) Determine the amount, if any, by which the assessed value of
8 the taxable property in the allocation area for the most recent
9 assessment date minus the base assessed value, when multiplied
10 by the estimated tax rate of the allocation area, will exceed the
11 amount of assessed value needed to produce the property taxes
12 necessary to:

13 (A) make the distribution required under section 39(b)(2) and
14 39(b)(3) of this chapter;

15 (B) make, when due, principal and interest payments on bonds
16 described in section ~~39(b)(4)~~ **39(b)(5)** of this chapter;

17 (C) pay the amount necessary for other purposes described in
18 section ~~39(b)(4)~~ **39(b)(5)** of this chapter; and

19 (D) reimburse the county or municipality for anticipated
20 expenditures described in subsection (c)(2).

21 (2) Provide a written notice to the county auditor, the fiscal body
22 of the county or municipality that established the department of
23 redevelopment, the officers who are authorized to fix budgets, tax
24 rates, and tax levies under IC 6-1.1-17-5 for each of the other
25 taxing units that are wholly or partly located within the allocation
26 area, and (in an electronic format) the department of local
27 government finance. The notice must:

28 (A) state the amount, if any, of excess property taxes that the
29 commission has determined may be paid to the respective
30 taxing units in the manner prescribed in section 39(b)(1) of
31 this chapter; or

32 (B) state that the commission has determined that there is no
33 excess assessed value that may be allocated to the respective
34 taxing units in the manner prescribed in subdivision (1).

35 The county auditor shall allocate to the respective taxing units the
36 amount, if any, of excess assessed value determined by the
37 commission.

38 (e) If the amount of excess assessed value determined by the
39 commission is expected to generate more than two hundred percent
40 (200%) of the amount of allocated tax proceeds:

41 (1) necessary to make, when due, principal and interest payments
42 on bonds described in section ~~39(b)(4)~~ **39(b)(5)** of this chapter;



1 plus

2 (2) the amount necessary for other purposes described in section
3 ~~39(b)(4)~~ **39(b)(5)** of this chapter;

4 the commission shall submit to the county or municipal legislative
5 body its determination of the excess assessed value that the
6 commission proposes to allocate to the respective taxing units in the
7 manner prescribed in subsection (d)(2). The county or municipal
8 legislative body may approve the commission's determination or
9 modify the amount of the excess assessed value that will be allocated
10 to the respective taxing units in the manner prescribed in subsection
11 (d)(2).

12 (f) An allocation area must terminate on the date the residential
13 housing development program is terminated as set forth in section
14 53(e) of this chapter.

15 SECTION 11. IC 36-7-14.5-12.5, AS AMENDED BY
16 P.L.156-2024, SECTION 34, IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12.5. (a) This section
18 applies only to an authority in a county having a United States
19 government military base that is scheduled for closing or is completely
20 or partially inactive or closed.

21 (b) In order to accomplish the purposes set forth in section 11 of this
22 chapter, an authority may create an economic development area:

23 (1) by following the procedures set forth in IC 36-7-14-41 for the
24 establishment of an economic development area by a
25 redevelopment commission; and

26 (2) with the same effect as if the economic development area was
27 created by a redevelopment commission.

28 The area established under this section shall be established only in the
29 area where a United States government military base that is scheduled
30 for closing or is completely or partially inactive or closed is or was
31 located.

32 (c) In order to accomplish the purposes set forth in section 11 of this
33 chapter, an authority may do the following in a manner that serves an
34 economic development area created under this section:

35 (1) Acquire by purchase, exchange, gift, grant, condemnation, or
36 lease, or any combination of methods, any personal property or
37 interest in real property needed for the redevelopment of
38 economic development areas located within the corporate
39 boundaries of the unit.

40 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
41 other instrument), exchange, lease, rent, or otherwise dispose of
42 property acquired for use in the redevelopment of economic



development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.



(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11 of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures



1 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
 2 applies to such a modification. An allocation area established by an
 3 authority under this section is a special taxing district authorized by the
 4 general assembly to enable the unit to provide special benefits to
 5 taxpayers in the allocation area by promoting economic development
 6 that is of public use and benefit. For allocation areas established for an
 7 economic development area created under this section after June 30,
 8 1997, and to the expanded portion of an allocation area for an
 9 economic development area that was established before June 30, 1997,
 10 and that is expanded under this section after June 30, 1997, the net
 11 assessed value of property that is assessed as residential property under
 12 the rules of the department of local government finance, as finally
 13 determined for any assessment date, must be allocated. All of the
 14 provisions of IC 36-7-14-39 apply to an allocation area created under
 15 this section, except that the authority shall be vested with the rights and
 16 duties of a commission as referenced in those sections, except that the
 17 expiration date of any allocation provision for the allocation area is the
 18 later of July 1, 2016, or the expiration date determined under
 19 IC 36-7-14-39(b), and except that, notwithstanding
 20 ~~IC 36-7-14-39(b)(4)~~, **IC 36-7-14-39(b)(5)**, property tax proceeds paid
 21 into the allocation fund may be used by the authority only to do one (1)
 22 or more of the following:

- 23 (1) Pay the principal of and interest and redemption premium on
 24 any obligations incurred by the special taxing district or any other
 25 entity for the purpose of financing or refinancing military base
 26 reuse activities in or serving or benefiting that allocation area.
- 27 (2) Establish, augment, or restore the debt service reserve for
 28 obligations payable solely or in part from allocated tax proceeds
 29 in that allocation area or from other revenues of the authority
 30 (including lease rental revenues).
- 31 (3) Make payments on leases payable solely or in part from
 32 allocated tax proceeds in that allocation area.
- 33 (4) Reimburse any other governmental body for expenditures
 34 made by it that benefits or provides for local public improvements
 35 or structures in or serving or benefiting that allocation area.
- 36 (5) Pay expenses incurred by the authority that benefit or provide
 37 for local public improvements or structures that are in the
 38 allocation area or serving or benefiting the allocation area. For
 39 purposes of paying expenses incurred by the authority under this
 40 subsection, the expiration date of an allocation area may be
 41 extended to January 15, 2050, by resolution of the county fiscal
 42 body.



(6) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefiting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

(1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.

(3) The bonds are exempt from taxation for all purposes.

(4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses (A) and (B).

(6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(7) Laws relating to the filing of petitions requesting the issuance



1 of bonds and the right of taxpayers and voters to remonstrate
 2 against the issuance of bonds do not apply to bonds issued under
 3 this section.

4 (8) If a debt service reserve is created from the proceeds of bonds,
 5 the debt service reserve may be used to pay principal and interest
 6 on the bonds as provided in the bond resolution.

7 (9) If bonds are issued under this chapter that are payable solely
 8 or in part from revenues to the authority from a project or
 9 projects, the authority may adopt a resolution or trust indenture or
 10 enter into covenants as is customary in the issuance of revenue
 11 bonds. The resolution or trust indenture may pledge or assign the
 12 revenues from the project or projects. The resolution or trust
 13 indenture may also contain any provisions for protecting and
 14 enforcing the rights and remedies of the bond owners as may be
 15 reasonable and proper and not in violation of law, including
 16 covenants setting forth the duties of the authority. The authority
 17 may establish fees and charges for the use of any project and
 18 covenant with the owners of any bonds to set those fees and
 19 charges at a rate sufficient to protect the interest of the owners of
 20 the bonds. Any revenue bonds issued by the authority that are
 21 payable solely from revenues of the authority shall contain a
 22 statement to that effect in the form of bond.

23 (f) Notwithstanding section 8(a) of this chapter, an ordinance
 24 adopted under section 11 of this chapter may provide, or be amended
 25 to provide, that the board of directors of the authority shall be
 26 composed of not fewer than three (3) nor more than eleven (11)
 27 members, who must be residents of or be employed at a place of
 28 employment located within the unit. The members shall be appointed
 29 by the executive of the unit.

30 (g) The acquisition of real and personal property by an authority
 31 under this section is not subject to the provisions of IC 5-22,
 32 IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the
 33 purchase of property by public bodies or their agencies.

34 (h) An authority may negotiate for the sale, lease, or other
 35 disposition of real and personal property without complying with the
 36 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other
 37 statute governing the disposition of public property.

38 (i) Notwithstanding any other law, utility services provided within
 39 an economic development area established under this section are
 40 subject to regulation by the appropriate regulatory agencies unless the
 41 utility service is provided by a utility that provides utility service solely
 42 within the geographic boundaries of an existing or a closed military



1 installation, in which case the utility service is not subject to regulation
2 for purposes of rate making, regulation, service delivery, or issuance of
3 bonds or other forms of indebtedness. However, this exemption from
4 regulation does not apply to utility service if the service is generated,
5 treated, or produced outside the boundaries of the existing or closed
6 military installation.

